

To: Investment Community

From: CMS Energy Investor Relations
<http://www.cmsenergy.com>

Date: February 3, 2022

Subject: CMS Energy Year-End 2021 Results and Outlook

CMS Energy will hold a webcast to discuss its Year-End 2021 Results and Outlook on Thursday, February 3 at 9:30 a.m. (ET).

To participate in the webcast, go to CMS Energy's home page (www.cmsenergy.com), select "Investor Relations", "Events and Presentations", and "CMS Energy Year-End 2021 Earnings Call" or [click here](#).

CMS Energy Announces Strong 2021 Results and Raises 2022 Adjusted EPS Guidance

JACKSON, Mich., Feb. 3, 2022 – CMS Energy announced today reported earnings per share of \$4.66 for 2021, compared to \$2.64 per share for 2020. The company's adjusted earnings per share were \$2.65 for 2021, compared to \$2.47 per share for 2020. CMS Energy also recently announced the increase of its annual dividend by 10 cents per share to \$1.84 for 2022.

CMS Energy raised its 2022 adjusted earnings guidance to \$2.85 to \$2.89 per share, from \$2.85 to \$2.87 per share* (*See below for important information about non-GAAP measures) and reaffirmed long-term adjusted EPS growth of 6 to 8 percent, with continued confidence toward the high end of the adjusted EPS growth range.

"CMS Energy is well positioned for continued success following a strong year of execution in 2021 and the announcement of an updated 5-year customer investment plan of \$14.3 billion," said Garrick Rochow, President and CEO of CMS Energy and Consumers Energy. "We continue to demonstrate our commitment, delivering across the Triple Bottom Line of People, Planet and Profit, to serve our customers, communities and investors."

CMS Energy (NYSE: CMS) is a Michigan-based energy company featuring Consumers Energy as its primary business. It also owns and operates independent power generation businesses.

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CMS Energy will hold a webcast to discuss its 2021 year-end results and provide a business and financial outlook on February 3 at 9:30 a.m. (EST). To participate in the webcast, go to CMS Energy's homepage (cmsenergy.com) and select "Events and Presentations."

Important information for investors about non-GAAP measures and other disclosures.

*This news release contains non-Generally Accepted Accounting Principles (non-GAAP) measures, such as adjusted earnings. All references to net income refer to net income available to common stockholders and references to earnings per share are on a diluted basis. Adjustments could include items such as discontinued operations, asset sales, impairments, restructuring costs, changes in accounting principles, changes in federal tax policy, regulatory items from prior years,

unrealized gains or losses from mark-to-market adjustments recognized in net income related to CMS Enterprises' interest expense, or other items. Management views adjusted earnings as a key measure of the company's present operating financial performance and uses adjusted earnings for external communications with analysts and investors. Internally, the company uses adjusted earnings to measure and assess performance. Because the company is not able to estimate the impact of specific line items, which have the potential to significantly impact, favorably or unfavorably, the company's reported earnings in future periods, the company is not providing reported earnings guidance nor is it providing a reconciliation for the comparable future period earnings. The company's adjusted earnings should be considered supplemental information to assist in understanding our business results, rather than as a substitute for the reported earnings.

This news release contains "forward-looking statements." The forward-looking statements are subject to risks and uncertainties that could cause CMS Energy's and Consumers Energy's results to differ materially. All forward-looking statements should be considered in the context of the risk and other factors detailed from time to time in CMS Energy's and Consumers Energy's Securities and Exchange Commission filings.

Investors and others should note that CMS Energy routinely posts important information on its website and considers the Investor Relations section, www.cmsenergy.com/investor-relations, a channel of distribution.

For more information on CMS Energy, please visit our website at cmsenergy.com.

To sign up for email [alert notifications](#), please visit the Investor Relations section of our website.

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CMS ENERGY CORPORATION

Consolidated Statements of Income

(Unaudited)

	<i>In Millions, Except Per Share Amounts</i>					
	Three Months Ended			Twelve Months Ended		
	12/31/21	12/30/20	Change	12/31/21	12/30/20	Change
Operating Revenue						
Electric utility	\$ 1,245	\$ 1,065	\$ 180	\$ 4,958	\$ 4,372	\$ 586
Gas utility	702	600	102	2,063	1,817	246
Enterprises	86	62	24	308	229	79
Total operating revenue	2,033	1,727	306	7,329	6,418	911
Operating Expenses						
Fuel for electric generation	155	101	54	593	375	218
Purchased and interchange power	435	343	92	1,665	1,492	173
Purchased power – related parties	21	19	2	77	64	13
Cost of gas sold	303	187	116	735	577	158
Maintenance and other operating expenses	534	395	139	1,610	1,280	330
Depreciation and amortization	282	280	2	1,114	1,043	71
General taxes	99	95	4	389	357	32
Total operating expenses	1,829	1,420	409	6,183	5,188	995
Operating Income (Loss)						
Electric utility	107	164	(57)	801	841	(40)
Gas utility	117	144	(27)	375	381	(6)
Enterprises	(17)	2	(19)	(21)	15	(36)
Other	(3)	(3)	-	(9)	(7)	(2)
Total operating income	204	307	(103)	1,146	1,230	(84)
Other Income (Expense)						
Interest income	1	1	-	3	4	(1)
Interest income - related parties	-	-	-	-	7	(7)
Allowance for equity funds used during construction	3	2	1	8	6	2
Income (loss) from equity method investees	2	4	(2)	10	5	5
Nonoperating retirement benefits, net	44	28	16	165	118	47
Other income	2	3	(1)	9	6	3
Other expense	(11)	(53)	42	(18)	(62)	44
Total other income (expense)	41	(15)	56	177	84	93
Earnings Before Interest, Taxes, and Other Charges	245	292	(47)	1,323	1,314	9
Interest on long-term debt	122	122	-	481	483	(2)
Interest expense - related parties	3	3	-	12	12	-
Other interest expense	2	2	-	10	12	(2)
Allowance for borrowed funds used during construction	(1)	-	(1)	(3)	(2)	(1)
Income tax expense	5	27	(22)	95	115	(20)
Income From Continuing Operations	114	138	(24)	728	694	34
Income from discontinued operations, net of tax	520	24	496	602	58	544
Net Income	634	162	472	1,330	752	578
Income (loss) attributable to noncontrolling interests	(5)	4	(9)	(23)	(3)	(20)
Net Income Attributable to CMS Energy	639	158	481	1,353	755	598
Preferred stock dividends	2	-	2	5	-	5
Net Income Available to Common Stockholders	\$ 637	\$ 158	\$ 479	\$ 1,348	\$ 755	\$ 593
<i>Reconciling items:</i>						
Disposal of discontinued operations gain	(665)	-	(665)	(657)	-	(657)
Tax impact	145	-	145	143	-	143
Discontinued operations income	-	(32)	32	(115)	(76)	(39)
Tax impact	-	8	(8)	27	18	9
Other exclusions from adjusted earnings	*	2	(2)	(1)	13	(14)
Tax impact	(*)	(1)	1	*	(3)	3
Loss on fleet impairment	29	-	29	29	-	29
Tax impact	(7)	-	(7)	(7)	-	(7)
Tax reform	-	-	-	-	(9)	9
Voluntary separation program	-	*	(*)	-	11	(11)
Tax impact	-	(*)	*	-	(3)	3
Adjusted Income – Non-GAAP	<u>\$ 139</u>	<u>\$ 135</u>	<u>\$ 4</u>	<u>\$ 767</u>	<u>\$ 706</u>	<u>\$ 61</u>
Average Common Shares Outstanding						
Basic	289.1	285.7	3.4	289.0	285.0	4.0
Diluted	289.7	286.9	2.8	289.5	286.3	3.2
Diluted Earnings Per Average Common Share	\$ 2.20	\$ 0.55	\$ 1.65	\$ 4.66	\$ 2.64	\$ 2.02
<i>Reconciling items:</i>						
Disposal of discontinued operations gain	(2.30)	-	(2.30)	(2.27)	-	(2.27)
Tax impact	0.50	-	0.50	0.49	-	0.49
Discontinued operations income	-	(0.11)	0.11	(0.39)	(0.26)	(0.13)
Tax impact	-	0.03	(0.03)	0.09	0.06	0.03
Other exclusions from adjusted earnings	*	0.01	(0.01)	(*)	0.04	(0.04)
Tax impact	(*)	(*)	*	-	(0.01)	0.01
Loss on fleet impairment	0.10	-	0.10	0.10	-	0.10
Tax impact	(0.03)	-	(0.03)	(0.03)	-	(0.03)
Tax reform	-	-	-	-	(0.03)	0.03
Voluntary separation program	-	*	(*)	-	0.04	(0.04)
Tax impact	-	(*)	*	-	(0.01)	0.01
Adjusted Diluted Earnings Per Average Common Share – Non-GAAP	<u>\$ 0.47</u>	<u>\$ 0.48</u>	<u>\$ (0.01)</u>	<u>\$ 2.65</u>	<u>\$ 2.47</u>	<u>\$ 0.18</u>

* Less than \$0.5 million or \$0.01 per share.

CMS ENERGY CORPORATION

Summarized Consolidated Balance Sheets

(Unaudited)

	<i>In Millions</i>	
	As of	
	12/31/21	12/31/20
Assets		
Current assets		
Cash and cash equivalents	\$ 452	\$ 32
Restricted cash and cash equivalents	24	17
Assets held for sale	19	429
Other current assets	2,132	1,926
Total current assets	2,627	2,404
Non-current assets		
Plant, property, and equipment	22,352	21,017
Assets held for sale	-	2,680
Other non-current assets	3,774	3,565
Total Assets	\$ 28,753	\$ 29,666
Liabilities and Equity		
Current liabilities ⁽¹⁾		
Liabilities held for sale	\$ -	\$ 953
Other current liabilities	1,822	1,530
Total current liabilities	1,822	2,483
Non-current liabilities ⁽¹⁾		
Liabilities held for sale	-	1,894
Other non-current liabilities	7,269	6,821
Total non-current liabilities	7,269	8,715
Capitalization		
Debt, finance leases, and other financing (excluding securitization debt) ⁽²⁾		
Debt, finance leases, and other financing (excluding non-recourse and securitization debt)	12,200	12,083
Non-recourse debt	76	83
Total debt, finance leases, and other financing (excluding securitization debt)	12,276	12,166
Preferred stock and securities	224	-
Noncontrolling interests	557	581
Common stockholders' equity	6,407	5,496
Total capitalization (excluding securitization debt)	19,464	18,243
Securitization debt ⁽²⁾	198	225
Total Liabilities and Equity	\$ 28,753	\$ 29,666

⁽¹⁾ Excludes debt, finance leases, and other financing.

⁽²⁾ Includes current and non-current portions.

CMS ENERGY CORPORATION

Summarized Consolidated Statements of Cash Flows

(Unaudited)

	<i>In Millions</i>	
	Twelve Months Ended	
	12/31/21	12/31/20
Beginning of Period Cash and Cash Equivalents, Including Restricted Amounts	\$ 185	\$ 157
Net cash provided by operating activities ⁽³⁾	1,819	1,276
Net cash used in investing activities	(1,233)	(2,867)
Cash flows from operating and investing activities	586	(1,591)
Net cash provided by (used in) financing activities	(295)	1,619
Total Cash Flows	\$ 291	\$ 28
End of Period Cash and Cash Equivalents, Including Restricted Amounts ⁽⁴⁾	\$ 476	\$ 185

⁽³⁾ Includes the impact of a \$531 million pension contribution in 2020.

⁽⁴⁾ In October 2021, CMS Energy sold EnerBank to Regions Bank. As a result, EnerBank's cash and cash equivalents are presented as assets held for sale on CMS Energy's consolidated balance sheets at December 31, 2020.

CMS ENERGY CORPORATION

Selected Financial Data

(Unaudited)

	<i>In Millions</i>		
	Twelve Months Ended		
	12/31/21	12/31/20	12/31/19
EBIT – Non-GAAP ⁽¹⁾			
Consolidated	\$ 1,351	\$ 1,329	\$ 1,261
Consumers Energy	1,364	1,334	1,231
Depreciation and Amortization			
Consolidated	\$ 1,114	\$ 1,043	\$ 989
Consumers Energy	1,077	1,023	975
EBITDA – Non-GAAP ⁽¹⁾			
Consolidated	\$ 2,465	\$ 2,372	\$ 2,250
Consumers Energy	2,441	2,357	2,206
Dividends and Other Distributions From Subsidiaries	\$ 1,593	\$ 659	\$ 683
Interest Expense, Net			
Consolidated	\$ 500	\$ 505	\$ 460
Energy parent	183	178	156
Consumers Energy	311	320	297
	<i>In Millions</i>		
	As of		
	12/31/21	12/31/20	12/31/19
Book Value Per Share	\$ 22.11	\$ 19.02	\$ 17.67
Common Shares Outstanding – End of Period	289.8	288.9	283.9
Average Common Shares Outstanding			
Basic	289.0	285.0	283.0
Diluted	289.5	286.3	284.3
Debt ⁽²⁾			
Energy parent	\$ 3,928	\$ 4,126	\$ 3,334
Non-recourse project debt	76	83	89
Consumers Energy (excluding securitization bonds)	8,272	7,957	7,184
Consolidated (excluding securitization bonds)	12,276	12,166	10,607
Securitization bonds	198	225	251
Consolidated	\$ 12,474	\$ 12,391	\$ 10,858
Unrestricted Cash and Cash Equivalents			
Energy Parent	\$ 390	\$ -	\$ -
Consumers Energy	22	20	11
CMS Treasury Services	19	3	11
Other	21	9	3
Consolidated	\$ 452	\$ 32	\$ 25
Consumers Energy			
Regulated Common Equity Ratio (13-Month Average)			
Electric	42.6%	41.7%	42.4%
Gas	42.6%	41.7%	42.4%
Regulated Rate Base (13-Month Average, in Millions)			
Electric ⁽³⁾	\$ 13,354	\$ 12,992	\$ 11,516
Gas	7,654	6,790	6,070
Regulated Return on Average Common Equity (12-Month Ended)			
Electric ⁽³⁾	10.1%	10.1%	10.7%
Gas	9.4%	9.5%	9.0%

⁽¹⁾ EBIT (non-GAAP) equals reported net income from continuing operations available to common stockholders + income taxes + interest charges + noncontrolling interests + writedowns + impairments + losses (gains) on asset sales + accounting changes. EBITDA (non-GAAP) equals EBIT + depreciation and amortization.

⁽²⁾ Includes current maturities, leases and notes payable.

⁽³⁾ Includes renewables rate base of \$1.1 billion in total.

CMS ENERGY CORPORATION
Reconciliations of GAAP Net Income to Non-GAAP EBIT and EBITDA
(Unaudited)

	<i>In Millions</i>		
	Twelve Months Ended		
	12/31/21	12/31/20	12/31/19
Net Income Available to Common Stockholders	\$ 1,348	\$ 755	\$ 680
<i>Reconciling items:</i>			
Income tax expense	265	133	147
Interest on long-term debt	481	483	439
Interest expense - related parties	12	12	9
Other interest expense	10	12	16
Allowance for borrowed funds used during construction	(3)	(2)	(4)
Income (loss) attributable to noncontrolling interests	(23)	(3)	2
Preferred stock dividends	5	-	-
Disposal of discontinued operations gain	(657)	-	-
Discontinued operations income	(115)	(76)	(65)
Other exclusions from adjusted earnings	(1)	13	37
Loss on fleet impairment	29	-	-
Tax reform	-	(9)	-
Voluntary separation program	-	11	-
EBIT – Non-GAAP	1,351	1,329	1,261
<i>Additional reconciling items:</i>			
Depreciation and amortization	1,114	1,043	989
EBITDA – Non-GAAP	<u>\$ 2,465</u>	<u>\$ 2,372</u>	<u>\$ 2,250</u>

CONSUMERS ENERGY COMPANY
Reconciliations of GAAP Net Income to Non-GAAP EBIT and EBITDA
(Unaudited)

	<i>In Millions</i>		
	Twelve Months Ended		
	12/31/21	12/31/20	12/31/19
Net Income Available to Common Stockholder	\$ 866	\$ 814	\$ 741
<i>Reconciling items:</i>			
Income tax expense	156	173	185
Interest on long-term debt	294	299	277
Interest expense - related parties	12	12	9
Other interest expense	8	11	15
Allowance for borrowed funds used during construction	(3)	(2)	(4)
Preferred stock dividends	2	2	2
Other exclusions from adjusted earnings	-	14	6
Loss on fleet impairment	29	-	-
Voluntary separation program	-	11	-
EBIT – Non-GAAP	1,364	1,334	1,231
<i>Additional reconciling items:</i>			
Depreciation and amortization	1,077	1,023	975
EBITDA – Non-GAAP	<u>\$ 2,441</u>	<u>\$ 2,357</u>	<u>\$ 2,206</u>

CMS ENERGY CORPORATION
Non-GAAP Adjusted Earnings Per Share Variance Analysis
(Unaudited)

Three Months Ended December 31					
	12/31/21	12/31/20	Variance		
Adjusted EPS – Non-GAAP					
Electric utility	\$ 0.26	\$ 0.33	\$ (0.07)		
Gas utility	0.35	0.34	0.01		
Enterprises	(0.01)	0.01	(0.02)		
Energy Parent	(0.13)	(0.20)	0.07		
Consolidated	<u>\$ 0.47</u>	<u>\$ 0.48</u>	<u>\$ (0.01)</u>		
Variance Explanations:					
ELECTRIC UTILITY				ENTERPRISES AND ENERGY PARENT	
- Deliveries of 8,744 GWh, up 220 GWh (weather-driven impact, up 124 GWh)		\$ 0.06		- Enterprises	\$ (0.02)
- Electric rate relief, including renewables		0.07		- Energy Parent including absence of '20 early call	0.07
- Service restoration		(0.14)			<u>\$ 0.05</u>
- Higher operating & maintenance expenses including customer initiatives		(0.10)			
- Lower investment costs (depreciation, property taxes & fixed costs)		0.01			
- Other, including lower charitable contributions		0.03			
- Change in shares outstanding		*			
		<u>\$ (0.07)</u>			
GAS UTILITY					
- Deliveries, including transportation to end-use customers, of 86.3 bcf, down (3.1) bcf (weather-driven impact, down (4.9) bcf)		\$ (0.05)			
- Other, including lower charitable contributions		0.06			
- Change in shares outstanding		*			
		<u>\$ 0.01</u>			
				WEATHER IMPACTS	
				<u>12/31/21</u>	<u>12/31/20</u>
				Weather	
				- Warmer (colder) than normal using 15-year average temperatures	8.0 % 3.6 %
				Electric Utility	
				- Increase (decrease) from normal in:	
				Electric sales (GWh)	57 (67)
				EPS	\$ 0.01 \$ (0.02)
				Gas Utility	
				- Increase (decrease) from normal in:	
				Gas sales (bcf)	(10.0) (5.1)
				EPS	\$ (0.09) \$ (0.04)
				Total EPS Weather Impacts	<u>\$ (0.08)</u> <u>\$ (0.06)</u>

* Less than \$0.01 per share.

CMS ENERGY CORPORATION
Non-GAAP Adjusted Earnings Per Share Variance Analysis
(Unaudited)

Twelve Months Ended December 31			
	12/31/21	12/31/20	Variance
Adjusted EPS – Non-GAAP			
Electric utility	\$ 2.00	\$ 1.99	\$ 0.01
Gas utility	1.07	0.92	0.15
Enterprises	0.08	0.12	(0.04)
Energy Parent	(0.50)	(0.56)	0.06
Consolidated	<u>\$ 2.65</u>	<u>\$ 2.47</u>	<u>\$ 0.18</u>
Variance Explanations:			
ELECTRIC UTILITY			
- Deliveries of 36,244 GWh, up 841 GWh (weather-driven impact, up 411 GWh)			\$ 0.20
- Electric rate relief, including renewables			0.37
- Service restoration			(0.25)
- Higher operating & maintenance expenses including customer initiatives			(0.25)
- Higher investment costs (depreciation, property taxes & fixed costs)			(0.09)
- Other, including lower charitable contributions			0.05
- Change in shares outstanding			(0.02)
			<u>\$ 0.01</u>
GAS UTILITY			
- Deliveries, including transportation to end-use customers, of 281.6 bcf, down (1.7) bcf (weather-driven impact, down (4.0) bcf)			\$ (0.08)
- Gas rate relief			0.26
- Lower ETR primarily related to gas rate case stay out			0.09
- Higher operating & maintenance expenses including customer initiatives			(0.09)
- Higher investment costs (depreciation, property taxes & fixed costs)			(0.09)
- Other, including lower charitable contributions			0.07
- Change in shares outstanding			(0.01)
			<u>\$ 0.15</u>
ENTERPRISES AND ENERGY PARENT			
- Enterprises			\$ (0.04)
- Energy Parent including absence of '20 early call			0.06
			<u>\$ 0.02</u>
WEATHER IMPACTS			
	12/31/21	12/31/20	
Weather			
- Warmer (colder) than normal using 15-year average temperatures	3.3 %	2.5 %	
Electric Utility			
- Increase (decrease) from normal in:			
Electric sales (GWh)	687	276	
EPS	\$ 0.17	\$ 0.07	
Gas Utility			
- Increase (decrease) from normal in:			
Gas sales (bcf)	(20.6)	(16.6)	
EPS	\$ (0.18)	\$ (0.13)	
Total EPS Weather Impacts	<u>\$ (0.01)</u>	<u>\$ (0.06)</u>	

* Less than \$0.01 per share.

CMS ENERGY CORPORATION

Reconciliation of GAAP EPS to Non-GAAP Adjusted EPS by Segment

(Unaudited)

	<i>In Millions, Except Per Share Amounts</i>			
	Three Months Ended		Twelve Months Ended	
	12/31/21	12/31/20	12/31/21	12/31/20
Electric Utility				
Reported net income per share available to common stockholders	\$ 0.21	\$ 0.32	\$ 1.95	\$ 1.94
<i>Reconciling items:</i>				
Other exclusions from adjusted earnings	-	0.01	-	0.04
Tax impact	-	(*)	-	(0.01)
Loss on fleet impairment	0.07	-	0.07	-
Tax impact	(0.02)	-	(0.02)	-
Voluntary separation program	-	*	-	0.03
Tax impact	-	(*)	-	(0.01)
Adjusted income per share – non-GAAP	<u>\$ 0.26</u>	<u>\$ 0.33</u>	<u>\$ 2.00</u>	<u>\$ 1.99</u>
Gas Utility				
Reported net income per share available to common stockholders	\$ 0.33	\$ 0.34	\$ 1.05	\$ 0.91
<i>Reconciling items:</i>				
Other exclusions from adjusted earnings	-	*	-	*
Tax impact	-	(*)	-	(*)
Loss on fleet impairment	0.03	-	0.03	-
Tax impact	(0.01)	-	(0.01)	-
Voluntary separation program	-	-	-	0.01
Tax impact	-	-	-	(*)
Adjusted income per share – non-GAAP	<u>\$ 0.35</u>	<u>\$ 0.34</u>	<u>\$ 1.07</u>	<u>\$ 0.92</u>
Enterprises				
Reported net income (loss) per share available to common stockholders	\$ (0.01)	\$ 0.01	\$ 0.08	\$ 0.13
<i>Reconciling items:</i>				
Other exclusions from adjusted earnings	*	(*)	(*)	*
Tax impact	(*)	*	*	(*)
Tax reform	-	-	-	(0.01)
Voluntary separation program	-	*	-	*
Tax impact	-	(*)	-	(*)
Adjusted income (loss) per share – non-GAAP	<u>\$ (0.01)</u>	<u>\$ 0.01</u>	<u>\$ 0.08</u>	<u>\$ 0.12</u>
Corporate Interest and Other				
Reported net loss per share available to common stockholders	\$ (0.13)	\$ (0.20)	\$ (0.50)	\$ (0.54)
<i>Reconciling items:</i>				
Other exclusions from adjusted earnings	*	*	(*)	(*)
Tax impact	(*)	(*)	*	*
Tax reform	-	-	-	(0.02)
Adjusted loss per share – non-GAAP	<u>\$ (0.13)</u>	<u>\$ (0.20)</u>	<u>\$ (0.50)</u>	<u>\$ (0.56)</u>
Discontinued Operations				
Reported net income per share available to common stockholders	\$ 1.80	\$ 0.08	\$ 2.08	\$ 0.20
<i>Reconciling items:</i>				
Disposal of discontinued operations gain	(2.30)	-	(2.27)	-
Tax impact	0.50	-	0.49	-
Discontinued operations income	-	(0.11)	(0.39)	(0.26)
Tax impact	-	0.03	0.09	0.06
Adjusted income per share – non-GAAP	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Consolidated				
Reported net income per share available to common stockholders	\$ 2.20	\$ 0.55	\$ 4.66	\$ 2.64
<i>Reconciling items:</i>				
Disposal of discontinued operations gain	(2.30)	-	(2.27)	-
Tax impact	0.50	-	0.49	-
Discontinued operations income	-	(0.11)	(0.39)	(0.26)
Tax impact	-	0.03	0.09	0.06
Other exclusions from adjusted earnings	*	0.01	(*)	0.04
Tax impact	(*)	(*)	*	(0.01)
Loss on fleet impairment	0.10	-	0.10	-
Tax impact	(0.03)	-	(0.03)	-
Tax reform	-	-	-	(0.03)
Voluntary separation program	-	*	-	0.04
Tax impact	-	(*)	-	(0.01)
Adjusted income per share – non-GAAP	<u>\$ 0.47</u>	<u>\$ 0.48</u>	<u>\$ 2.65</u>	<u>\$ 2.47</u>
Average Common Shares Outstanding – Diluted	<u>289.7</u>	<u>286.9</u>	<u>289.5</u>	<u>286.3</u>

* Less than \$0.01 per share.

CMS ENERGY CORPORATION

Reconciliation of GAAP Net Income to Non-GAAP Adjusted Net Income

(Unaudited)

	<i>In Millions, Except Per Share Amounts</i>			
	Three Months Ended		Twelve Months Ended	
	12/31/21	12/31/20	12/31/21	12/31/20
Net Income Available to Common Stockholders	\$ 637	\$ 158	\$ 1,348	\$ 755
<i>Reconciling items:</i>				
Disposal of discontinued operations gain	(665)	-	(657)	-
Tax impact	145	-	143	-
Discontinued operations income	-	(32)	(115)	(76)
Tax impact	-	8	27	18
Other exclusions from adjusted earnings**	*	2	(1)	13
Tax impact	(*)	(1)	*	(3)
Loss on fleet impairment	29	-	29	-
Tax impact	(7)	-	(7)	-
Tax reform	-	-	-	(9)
Voluntary separation program	-	*	-	11
Tax impact	-	(*)	-	(3)
Adjusted net income – non-GAAP	<u>\$ 139</u>	<u>\$ 135</u>	<u>\$ 767</u>	<u>\$ 706</u>
Average Common Shares Outstanding				
Basic	289.1	285.7	289.0	285.0
Diluted	289.7	286.9	289.5	286.3
Basic Earnings Per Average Common Share				
Reported net income per average common share	\$ 2.20	\$ 0.55	\$ 4.66	\$ 2.65
<i>Reconciling items:</i>				
Disposal of discontinued operations gain	(2.30)	-	(2.27)	-
Tax impact	0.50	-	0.49	-
Discontinued operations income	-	(0.11)	(0.39)	(0.26)
Tax impact	-	0.03	0.09	0.06
Other exclusions from adjusted earnings**	*	0.01	(*)	0.04
Tax impact	(*)	(*)	*	(0.01)
Loss on fleet impairment	0.10	-	0.10	-
Tax impact	(0.03)	-	(0.03)	-
Tax reform	-	-	-	(0.03)
Voluntary separation program	-	*	-	0.04
Tax impact	-	(*)	-	(0.01)
Adjusted net income per average common share – non-GAAP	<u>\$ 0.47</u>	<u>\$ 0.48</u>	<u>\$ 2.65</u>	<u>\$ 2.48</u>
Diluted Earnings Per Average Common Share				
Reported net income per average common share	\$ 2.20	\$ 0.55	\$ 4.66	\$ 2.64
<i>Reconciling items:</i>				
Disposal of discontinued operations gain	(2.30)	-	(2.27)	-
Tax impact	0.50	-	0.49	-
Discontinued operations income	-	(0.11)	(0.39)	(0.26)
Tax impact	-	0.03	0.09	0.06
Other exclusions from adjusted earnings**	*	0.01	(*)	0.04
Tax impact	(*)	(*)	*	(0.01)
Loss on fleet impairment	0.10	-	0.10	-
Tax impact	(0.03)	-	(0.03)	-
Tax reform	-	-	-	(0.03)
Voluntary separation program	-	*	-	0.04
Tax impact	-	(*)	-	(0.01)
Adjusted net income per average common share – non-GAAP	<u>\$ 0.47</u>	<u>\$ 0.48</u>	<u>\$ 2.65</u>	<u>\$ 2.47</u>

* Less than \$0.5 million or \$0.01 per share.

** Includes restructuring costs and unrealized gains or losses from mark-to-market adjustments recognized in net income related to CMS Enterprises' interest expense.

Management views adjusted (non-Generally Accepted Accounting Principles) earnings as a key measure of the Company's present operating financial performance and uses adjusted earnings for external communications with analysts and investors. Internally, the Company uses adjusted earnings to measure and assess performance. Adjustments could include items such as discontinued operations, asset sales, impairments, restructuring costs, changes in accounting principles, changes in federal tax policy, regulatory items from prior years, unrealized gains or losses from mark-to-market adjustments recognized in net income related to CMS Enterprises' interest expense, or other items. The adjusted earnings should be considered supplemental information to assist in understanding our business results, rather than as a substitute for reported earnings.

CMS ENERGY CORPORATION
Reconciliation of GAAP Net Income to Non-GAAP Adjusted Net Income
by Quarter
(Unaudited)

	<i>In Millions, Except Per Share Amounts</i>			
	2021			
	1Q	2Q	3Q	4Q
Net Income Available to Common Stockholders	\$ 349	\$ 176	\$ 186	\$ 637
<i>Reconciling items:</i>				
Electric utility and gas utility	-	-	-	29
Tax impact	-	-	-	(7)
Enterprises	(1)	*	(*)	*
Tax impact	*	(*)	*	(*)
Corporate interest and other	-	(*)	-	*
Tax impact	-	*	-	(*)
Disposal of discontinued operations (gain) loss	-	5	3	(665)
Tax impact	-	(1)	(1)	145
Discontinued operations income	(43)	(30)	(42)	-
Tax impact	9	8	10	-
Adjusted Net Income – Non-GAAP	<u>\$ 314</u>	<u>\$ 158</u>	<u>\$ 156</u>	<u>\$ 139</u>
Average Common Shares Outstanding – Diluted	289.1	289.4	289.6	289.7
Diluted Earnings Per Average Common Share	\$ 1.21	\$ 0.61	\$ 0.64	\$ 2.20
<i>Reconciling items:</i>				
Electric utility and gas utility	-	-	-	0.10
Tax impact	-	-	-	(0.03)
Enterprises	(*)	*	(*)	*
Tax impact	*	(*)	*	(*)
Corporate interest and other	-	(*)	-	*
Tax impact	-	*	-	(*)
Disposal of discontinued operations (gain) loss	-	0.02	0.01	(2.30)
Tax impact	-	(0.01)	(*)	0.50
Discontinued operations income	(0.15)	(0.10)	(0.14)	-
Tax impact	0.03	0.03	0.03	-
Adjusted Diluted Earnings Per Average Common Share – Non-GAAP	<u>\$ 1.09</u>	<u>\$ 0.55</u>	<u>\$ 0.54</u>	<u>\$ 0.47</u>
	<i>In Millions, Except Per Share Amounts</i>			
	2020			
	1Q	2Q	3Q	4Q
Net Income Available to Common Stockholders	\$ 243	\$ 136	\$ 218	\$ 158
<i>Reconciling items:</i>				
Electric utility and gas utility	15	4	4	2
Tax impact	(4)	(1)	(1)	(1)
Enterprises	1	(*)	*	(*)
Tax impact	(4)	*	(*)	*
Corporate interest and other	(2)	*	(*)	*
Tax impact	(4)	(*)	*	(*)
Discontinued operations income	(17)	(11)	(16)	(32)
Tax impact	3	3	4	8
Adjusted Net Income – Non-GAAP	<u>\$ 231</u>	<u>\$ 131</u>	<u>\$ 209</u>	<u>\$ 135</u>
Average Common Shares Outstanding – Diluted	285.2	286.5	286.9	286.9
Diluted Earnings Per Average Common Share	\$ 0.85	\$ 0.48	\$ 0.76	\$ 0.55
<i>Reconciling items:</i>				
Electric utility and gas utility	0.05	0.02	0.01	0.01
Tax impact	(0.01)	(0.01)	(*)	(*)
Enterprises	*	(*)	*	(*)
Tax impact	(0.01)	*	(*)	*
Corporate interest and other	(*)	*	(*)	*
Tax impact	(0.02)	(*)	*	(*)
Discontinued operations income	(0.06)	(0.04)	(0.05)	(0.11)
Tax impact	0.01	0.01	0.01	0.03
Adjusted Diluted Earnings Per Average Common Share – Non-GAAP	<u>\$ 0.81</u>	<u>\$ 0.46</u>	<u>\$ 0.73</u>	<u>\$ 0.48</u>

* Less than \$0.5 million or \$0.01 per share.

CONSUMERS ENERGY COMPANY

Consolidated Statements of Income

(Unaudited)

	<i>In Millions</i>					
	Three Months Ended			Twelve Months Ended		
	12/31/21	12/31/20	Change	12/31/21	12/31/20	Change
Operating Revenue						
Electric utility	\$ 1,245	\$ 1,065	\$ 180	\$ 4,958	\$ 4,372	\$ 586
Gas utility	702	600	102	2,063	1,817	246
Total operating revenue	1,947	1,665	282	7,021	6,189	832
Operating Expenses						
Fuel for electric generation	123	79	44	463	286	177
Purchased and interchange power	399	333	66	1,599	1,454	145
Purchased power – related parties	21	19	2	77	64	13
Cost of gas sold	301	185	116	726	568	158
Maintenance and other operating expenses	510	378	132	1,531	1,224	307
Depreciation and amortization	273	270	3	1,077	1,023	54
General taxes	96	93	3	373	349	24
Total operating expenses	1,723	1,357	366	5,846	4,968	878
Operating Income (Loss)						
Electric utility	107	164	(57)	801	841	(40)
Gas utility	117	144	(27)	375	381	(6)
Other	-	-	-	(1)	(1)	-
Total operating income	224	308	(84)	1,175	1,221	(46)
Other Income (Expense)						
Interest income	-	-	-	2	3	(1)
Interest and dividend income – related parties	1	1	-	5	5	-
Allowance for equity funds used during construction	3	2	1	8	6	2
Nonoperating retirement benefits, net	42	27	15	155	112	43
Other income	1	2	(1)	8	5	3
Other expense	(11)	(34)	23	(18)	(43)	25
Total other income	36	(2)	38	160	88	72
Interest Charges						
Interest on long-term debt	74	72	2	294	299	(5)
Interest expense – related parties	3	3	-	12	12	-
Other interest expense	2	2	-	8	11	(3)
Allowance for borrowed funds used during construction	(1)	-	(1)	(3)	(2)	(1)
Total interest charges	78	77	1	311	320	(9)
Income Before Income Taxes	182	229	(47)	1,024	989	35
Income Tax Expense	26	38	(12)	156	173	(17)
Net Income	156	191	(35)	868	816	52
Preferred Stock Dividends	1	1	-	2	2	-
Net Income (Loss) Available to Common Stockholder						
Electric utility	61	91	(30)	565	554	11
Gas utility	94	99	(5)	302	261	41
Other	-	-	-	(1)	(1)	-
Total net income available to common stockholder	<u>\$ 155</u>	<u>\$ 190</u>	<u>\$ (35)</u>	<u>\$ 866</u>	<u>\$ 814</u>	<u>\$ 52</u>

CONSUMERS ENERGY COMPANY

Electric Utility Statistics

(Unaudited)

	<i>In Millions of kWh, Except as Noted</i>					
	Three Months Ended			Twelve Months Ended		
	12/31/21	12/31/20	% Change	12/31/21	12/31/20	% Change
Electric Deliveries						
Residential	3,069	3,133	(2.0)	13,229	13,331	(0.8)
Commercial	2,710	2,586	4.8	11,504	11,014	4.4
Industrial	1,957	1,801	8.7	7,375	6,953	6.1
Other	39	41	(4.9)	143	149	(4.0)
Wholesale	77	96	(19.8)	349	363	(3.9)
Retail open access	892	867	2.9	3,644	3,593	1.4
Total customer deliveries	8,744	8,524	2.6	36,244	35,403	2.4
Intersystem	1,841	1,168	57.6	4,906	4,478	9.6
Total electric deliveries	10,585	9,692	9.2	41,150	39,881	3.2
Weather-Normalized Electric Deliveries ^{(1) (2)}						
Residential	3,036	3,178	(4.5)	12,747	13,105	(2.7)
Commercial	2,696	2,607	3.4	11,338	10,973	3.3
Industrial	1,949	1,802	8.2	7,350	6,950	5.8
Other	39	41	(4.9)	143	149	(4.0)
Wholesale	77	96	(19.8)	349	363	(3.9)
Retail open access	890	867	2.7	3,630	3,587	1.2
Total weather-normalized electric deliveries	8,687	8,591	1.1	35,557	35,127	1.2
Weather-Normalized Electric Deliveries ^{(1) (2)}						
(By Class, Including Retail Open Access)						
Residential	3,036	3,178	(4.5)	12,747	13,105	(2.7)
Commercial	2,914	2,819	3.4	12,259	11,869	3.3
Industrial	2,621	2,457	6.7	10,059	9,641	4.3
Other	39	41	(4.9)	143	149	(4.0)
Wholesale	77	96	(19.8)	349	363	(3.9)
Total weather-normalized electric deliveries	8,687	8,591	1.1	35,557	35,127	1.2

(1) Excludes intersystem deliveries.

(2) Certain classes include the reduction for Energy Efficiency in the range of 1.75% to 2.00%.

	<i>In Millions, Except as Noted</i>					
	Three Months Ended			Twelve Months Ended		
	12/31/21	12/31/20	% Change	12/31/21	12/31/20	% Change
Electric Utility Revenue						
Residential	\$ 555	\$ 490	13.3	\$ 2,402	\$ 2,102	14.3
Commercial	382	346	10.4	1,573	1,439	9.3
Industrial	166	139	19.4	624	566	10.2
Other	8	9	(11.1)	34	34	-
Total sales revenue	1,111	984	12.9	4,633	4,141	11.9
Wholesale	5	5	-	22	22	-
Retail open access	9	9	-	32	30	6.7
Intersystem	73	26	180.8	187	97	92.8
Miscellaneous	47	41	14.6	84	82	2.4
Total electric utility revenue	\$ 1,245	\$ 1,065	16.9	\$ 4,958	\$ 4,372	13.4

CONSUMERS ENERGY COMPANY

Gas Utility Statistics

(Unaudited)

	<i>In Thousands of mcf, Except as Noted</i>					
	Three Months Ended			Twelve Months Ended		
	12/31/21	12/31/20	% Change	12/31/21	12/31/20	% Change
Gas Deliveries						
Residential	47,649	50,863	(6.3)	146,255	152,614	(4.2)
Commercial	15,284	15,449	(1.1)	51,022	50,903	0.2
Industrial	2,126	2,026	4.9	7,702	7,655	0.6
Other	67	62	8.1	232	210	10.5
Transportation	21,211	21,021	0.9	76,450	71,928	6.3
Total customer deliveries	86,337	89,421	(3.4)	281,661	283,310	(0.6)
Off-system transportation						
MCV	13,989	15,371	(9.0)	48,471	62,085	(21.9)
Other	4,500	5,181	(13.1)	17,228	15,029	14.6
Total gas deliveries	104,826	109,973	(4.7)	347,360	360,424	(3.6)
Weather-Normalized Gas Deliveries ^{(1) (2)}						
Residential	53,521	54,060	(1.0)	158,188	163,000	(3.0)
Commercial	17,420	15,886	9.7	55,361	52,788	4.9
Industrial	2,407	2,197	9.6	8,213	8,200	0.2
Other	76	66	15.2	247	222	11.3
Transportation	22,924	22,304	2.8	80,274	75,650	6.1
Total weather-normalized gas deliveries	96,348	94,513	1.9	302,283	299,860	0.8
Weather-Normalized Gas Deliveries ^{(1) (2)}						
(By Class, Including Transportation)						
Residential	53,849	54,366	(1.0)	159,339	164,096	(2.9)
Commercial	24,873	22,991	8.2	82,124	78,354	4.8
Industrial	17,536	17,088	2.6	60,406	57,093	5.8
Other	90	68	32.4	414	317	30.6
Total weather-normalized gas deliveries	96,348	94,513	1.9	302,283	299,860	0.8

⁽¹⁾ Excludes off-system transportation deliveries.

⁽²⁾ Includes the reduction for Energy Efficiency in the range of 1.0% to 1.1%.

	<i>In Millions, Except as Noted</i>					
	Three Months Ended			Twelve Months Ended		
	12/31/21	12/31/20	% Change	12/31/21	12/31/20	% Change
Gas Utility Revenue						
Residential	\$ 477	\$ 405	17.8	\$ 1,394	\$ 1,224	13.9
Commercial	138	108	27.8	396	335	18.2
Industrial	18	13	38.5	54	45	20.0
Other	1	-	-	2	1	100.0
Total sales revenue	634	526	20.5	1,846	1,605	15.0
Transportation	29	29	-	100	86	16.3
Miscellaneous	39	45	(13.3)	117	126	(7.1)
Total gas utility revenue	\$ 702	\$ 600	17.0	\$ 2,063	\$ 1,817	13.5